



PROPOSED CHARGING LETTER

FEDERAL EXPRESS - OVERNIGHT

Automated Quality Technologies, Inc.
doing business as Lion Precision
563 Shoreview Park Road
St. Paul, Minnesota 55126-7014

Attention: Donald Martin
President

Dear Mr. Martin:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Automated Quality Technologies, Inc. doing business as Lion Precision (Lion) has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2001)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (the Act).²

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2001). The violations charged occurred in 1996 and 1997. The Regulations governing the violations at issue are found in the 1996 and 1997 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1996), as amended (61 *Fed. Reg.* 12714, March 25, 1996) (the former Regulations), and 15 C.F.R. Parts 730-774 (1997)). The March 25, 1996 *Federal Register* publication redesignated, but did not republish, the then-existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 *Federal Register* publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the various violations that BXA alleges occurred in 1996, and the Regulations define the various violations that BXA alleges occurred on or after January 1, 1997 and establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R. 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (1994 & Supp. V 1999)) (IEEPA). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001,



Facts constituting violations

Charge I

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about June 35, 1996, Lion exported from the United States to Taiwan, a non-contact measuring probe without obtaining the validated export license required by Section 773X.1(b) of the former Regulations (ECCN 2B06.b.1.a.). BXA alleges that by exporting commodities from the United States to any person or to any destination in violation of or contrary to the provisions of the Act or any regulation, order or license issued thereunder, Lion violated Section 7577x.6 of the former Regulations

Charge 3

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about December 5, 1996, Lion exported from the United States to Thailand, a non-contact measuring probe without obtaining the validated export license required by Section 772A.1(b) of the former Regulations (ECCN 3B06.b.1.a.). BXA alleges that by exporting commodities from the United States to any person or to any destination in violation of or contrary to the provisions of the Act or any regulation, order or license issued thereunder, Lion violated Section 787A 6 of the former Regulations

Charges 3 - 6

As described in g-eater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, from on or about June 3, 1997 through on or about September 19, 1997, Lion exported from the United States to Singapore, non-contact measuring probes without obtaining the licenses required by Sections 742.3 and 742.4 of the Regulations (ECCN 2B006.b.1.a.) BXA alleges that, by engaging in conduct prohibited by or contrary to the Act, the Regulations, or any order, license or authorization issued thereunder, Lion committed 4 violations of Section 764 2(a) of the Regulations

Charge 7

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about December 34, 1997, Lion exported from the United States to Taiwan non-contact measuring probes without obtaining the license required by Sections 742.3 and 742.4 of the Regulations (ECCN 2B006 b. 1 a.). BXA alleges that, by engaging in conduct prohibited

the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (66 *Fed. Reg.* 44025 (August 22, 2001)), has continued the Regulations in effect under IEEPA.

by or contrary to the Act, the Regulations, or any order, license or authorization issued thereunder. Lion violated Section 764.2(a) of the Regulations

BXA alleges that Lion committed two violations of Section 787A.6 of the former Regulations and five violations of Section 764.2(a) of the Regulations, for a total of seven violations

Accordingly, Lion is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$ 10,000 per violation (see Section 764.3(a)(1) of the Regulations);³

Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or

Exclusion from practice before BXA (see Section 764.3(a)(3) of the Regulations)

Copies of relevant Parts of the Regulations are enclosed

If Lion fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

Lion is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a consent settlement.

Pursuant to an Interagency Agreement between BXA and the U.S Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter

³ The maximum civil penalty for any violation committed after October 23, 1996 is \$11,000 per violation. See 15 C.F.R. § 6.4(a)(3)(2001)

Proposed Charging Letter

Lion Precision

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Accordingly, Lion's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Lion's answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION Christine Lee, Esq., Room 3839" below the address. Ms. Lee may be contacted by telephone at (202) 153-5301.

Sincerely,

Mark D. Menefee

Director

Office of Export Enforcement

Enclosures

SCHEDULE A

SCHEDULE OF VIOLATIONS
EXPORTS BY
AUTOMATED QUALITY TECHNOLOGIES, INC.
D/B/A/ LION PRECISION

Charge No.	Export Date (on or about)	Commodity	Air Way bill No.	Invoice No.	Destination
1	6/28/96	non-contact measuring probe	None*	59615	Taiwan
2	12/05/96	non-contact measuring probe	12053812	60255	Thailand
3	6/03/97	non-contact measuring probe	400-8581-246	61198	Singapore
4	9/11/97	non-contact measuring probe	400-9190-3696	61663	Singapore
5	9/19/97	non-contact measuring probes	400-9190-37	61709	Singapore
6	9/19/97	non-contact measuring probe	400-9190-3700	6171	Singapore
7	12/24/97	non-contact measuring probes	406-20238746	62197	Taiwan

* Commodity was shipped UPS Ground. Shipper Receipt Number 527074 is dated 6/28/96.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D C. 20230

In the Matter of)
)
Automated Quality Technologies, Inc.)
doing business as Lion Precision)
563 Shoreview Park Road)
St. Paul, Minnesota 5 5126-70 14,)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is made by and between Automated Quality Technologies, Inc. doing business as Lion Precision (Lion) and the Bureau of Export Administration, United States Department of Commerce (BXA), pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (2001)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & supp. V 1999)) (Act),² and which are currently maintained in force under the

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2001). The violations charged occurred in 1996 and 1997. The Regulations governing the violations at issue are found in the 1996 and 1997 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1996), as amended (61 *Fed. Reg.* 12714, March 25, 1996) (the former Regulations), and 15 C.F.R. Parts 730-774 (1997)). The March 25, 1996 *Federal Register* publication redesignated, but did not republish, the then-existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 *Federal Register* publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the various violations that BXA alleges occurred in 1996, and the Regulations define the various violations that BXA alleges occurred on or after January 1, 1997 and establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (1994 & Supp. V 1999)) (IEEPA). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001,

International Emergency Economic Powers Act (50 U.S.C. §§1701 - 1706 (1994 & Supp. V 1999)).

WHEREAS, BXA has notified Lion of its intention to initiate an administrative proceeding against Lion pursuant to the Act and the Regulations;

WHEREAS, BXX has issued a proposed charging letter to Lion that alleged that Lion committed two violations of the former Regulations and five violations of the Regulations.

Specifically, the charges are:

1. *Two Violations of 15 C.F.R. § 787A.6 of the former Regulations: Export, diversion, reexport, transshipment - Exports of Non-Contact Measuring Probes Without the Required Licenses:* On two separate occasions, from on or about June 28, 1996 through on or about December 5, 1996, Lion exported or caused to be exported non-contact measuring probes, an item subject to the former Regulations, from the United States to Taiwan and Thailand without obtaining Department of Commerce licenses as required by Section 772A.1(b) of the former Regulations.

2. *Five Violations of 15 C. F.R. § 764.2(a) of the Regulations: Engaging in Prohibited Conduct - Exports of Non-Contact Measuring Probes Without the Required Licenses:* On five separate occasions, from on or about June 30, 1997 through on or about December 24, 1997, Lion exported or caused to be exported non-contact measuring probes, an item subject to the

the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (66 *Fed Reg.* 44025 (August 22, 2001)) has continued the Regulations in effect under IEEPA.

Regulations, from the United States to Singapore and Taiwan without licenses from the Department of Commerce as required by Sections 742.3 and 742.4 of the Regulations

WHEREAS, Lion has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, Lion fully understands the terms of this Agreement and the Order that will be issued to give effect to this Settlement Agreement (Order);

WHEREAS, Lion enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, Lion states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Lion neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Lion wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Lion agrees to be bound by the Order, when entered;

NOW THEREFORE, Lion and BXA agree as follows:

1. BXA has jurisdiction over Lion, under the former Regulations and Regulations, in connection with the matters alleged in the proposed charging letter.

2. BXA and Lion agree that the following sanction shall be imposed against Lion in complete settlement of the charges set forth in the proposed charging letter:

- a. Lion shall be assessed a civil penalty in the amount of \$52,500, \$5,000 of which shall be paid to the U.S. Department of Commerce within thirty days from the date of entry of this Order, and \$5,000 of which shall be paid by February 15, 2003. Payment of the remaining \$42,500 shall be suspended for two years from the date of entry of this Order and shall thereafter be waived, provided that, during the period of suspension, Lion has committed no violation of the Act. or any regulation, license or order issued thereunder or under IEEPA; and provided further that Lion has made timely payment of the \$10,000
- b. The timely payment of the civil penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoration. or continuing validity of any export license. permission, or privilege granted, or to be granted, to Lion. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Lion's export privileges for a period of one year from the date of entry of the Order imposing the civil penalty.

3. Lion agrees that, subject to the approval of this Agreement pursuant to paragraph S hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, when entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the

Order, when entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, when entered

4. BXA agrees that, upon entry of the Order, it will not initiate any administrative proceeding against Lion in connection with any violation of the Act, former Regulations, or the Regulations arising out the transactions identified in the proposed charging letter.

5. Lion understands that BXA will make the proposed charging letter, this Agreement, and the Order, when entered, available to the public.

6. BXA and Lion agree that this Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and Lion agree that they may not use this Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

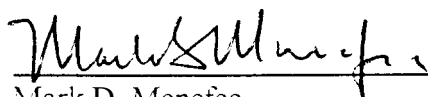
7. No agreement, understanding, representation, or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, when entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BXA only when the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record

9 Each signatory affirms that he has authority to enter into this Settlement Agreement
and to bind his respective party to the terms and conditions set forth herein

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

AUTOMATED QUALITY
TECHNOLOGIES INC.
D/B/A LION PRECISION



Mark D. Menefee
Director
Office of Export Enforcement



Donald Martin
President

Date: 12/13/07

Date: 12-10-01

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D C 20230

In the Matter of)
)
Automated Quality Technologies, Inc.)
doing business as Lion Precision)
563 Shoreview Park Road)
St. Paul, Minnesota 55126-7014,)
)
Respondent)

ORDER

The Bureau of Export Administration, United States Department of Commerce (BXA), having notified Automated Quality Technologies, Inc. doing business as Lion Precision (Lion), of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (Act),¹ and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2001)) (Regulations),² based on allegations in a proposed charging letter issued to Lion that alleged that Lion

¹ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations then in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (1994 & Supp. V 1999)) (IEEPA). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (66 *Fed. Reg.* 44025 (August 22, 2001)), has continued the Regulations in effect under IEEPA.

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committed two violations of the former Regulations and five violations of the Regulations. Specifically, the charges are:

1. *Two Violations of 15 C.F.R. § 787A.6 of the former Regulations: Export, diversion, reexport, transshipment - Exports of Non-Contact Measuring Probes Without the Required Licenses:* On two separate occasions, from on or about June 28, 1996 through on or about December 5, 1996, Lion exported or caused to be exported non-contact measuring probes, an item subject to the former Regulations, from the United States to Taiwan and Thailand without obtaining Department of Commerce licenses as required by Section 772.X. I(b) of the former Regulations.

2. *Five Violations of 15 C.F.R. § 764.2(a) of the Regulations: Engaging in Prohibited Conduct - Exports of Non-Contact Measuring Probes Without the Required Licenses:* On five separate occasions, from on or about June 30, 1997 through on or about December 24, 1997, Lion exported or caused to be exported non-contact measuring probes, an item subject to the Regulations, from the United States to Singapore and Taiwan without licenses from the Department of Commerce as required by Sections 743.3 and 742.4 of the Regulations

publication redesignated, but did not republish, the then-existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 *Federal Register* publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations define the various violations that BXA alleges occurred in 1996, and the Regulations define the various violations that BXA alleges occurred on or after January 1, 1997 and establish the procedures that apply to this matter.

BXA and Lion having entered into a Settlement Agreement pursuant to Section 76618(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED.

FIRST, that a civil penalty of \$52,500 is assessed against Lion, \$5,000 of which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order, and \$5,000 of which shall be paid by February 15, 2003. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$42,500 shall be suspended for two years from the date of entry of this Order and shall thereafter be waived, provided that, during the period of suspension, Lion has committed no violation of the Act, or any regulation, license or order issued thereunder or under IEEPA; and provided further that Lion has made timely payment of the \$10,000

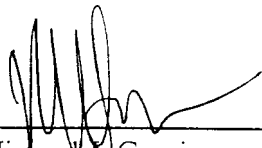
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1994 & Supp. V 1999)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Lion will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Lion. Accordingly, if Lion should fail to pay the civil penalty in a timely manner, the undersigned will enter an Order denying all of Lion's export privileges for a period of

one year from the date of entry of this Order

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public

This Order, which constitutes the final agency action in this matter, is effective immediately



Michael J. Garcia
Assistant Secretary of Commerce
for Export Enforcement

Entered this 14th day of December 3001